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TO RUEHC/SECSTATE WASHDC PRIORITY 2396
INFO RUCNCLS/ALL SOUTH AND CENTRAL ASIA COLLECTIVE
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RUCNMEM/EU MEMBER STATES COLLECTIVE
RUEHAK/AMEMBASSY ANKARA 4883
RUEHBJ/AMEMBASSY BEIJING 2649
RUEHKO/AMEMBASSY TOKYO 2514
RUEHIT/AMCONSUL ISTANBUL 3127
RHEHNSC/NSC WASHDC
RHMFIUU/CDR USCENTCOM MACDILL AFB FL
RUEAIIA/CIA WASHDC
RHEFDIA/DIA WASHDC
RUEKJCS/JOINT STAFF WASHDC
RUEKJCS/SECDEF WASHINGTON DC
RUEHVEN/USMISSION USOSCE 3359

UNCLAS SECTION 01 OF 02 ASHGABAT 000289

SENSITIVE
SIPDIS

STATE FOR SCA/CEN

E.O. 12958: N/A

TAGS: [ECON](#) [SOCI](#) [TX](#)

SUBJECT: TURKMENISTAN: BUSINESS BOOMING FOR PROVINCIAL
ENTREPRENEUR

11. (U) Sensitive but unclassified. Not for public internet.

12. (SBU) SUMMARY: The deputy director of a growing Turkmenabat privately-held company attributed its success to the founder's technical savvy and the stability of its workforce. Engaged in a wide range of activities, most prominent of which is advertising, the company also plays an active role in charitable activities and provides its employees with generous benefits. While presenting a "sky's the limit" outlook about the company's future prospects, the businessman did nonetheless cite the unavailability of business loans as a hindrance on the company's operations and as the primary area for Government action to improve the conditions for private sector development. END SUMMARY.

A COMPANY WITH DIVERSE LINES OF BUSINESS ... AND A HEART

13. (SBU) On February 27, Political Officer met with the Deputy Director of the Turkmenabat-based private firm AvtoTrans, Shakir Kerimberdiyev. The company's advertising business generates more than 50 percent of the its revenues and to date is its most profitable activity. The company controls 90 percent of the billboards in Turkmenabat and Turkmenbashi and about 30 percent in Ashgabat and Mary. In addition to advertising, the company engages in a broad range of other activities, including: professional photocopying, printing and binding; English, French, German and Turkmen language instruction for children; translation services; trucking; construction; retailing; restaurants; and dry cleaning. AvtoTrans also supports a range of charitable activities, such as funding participation by Turkmen athletes at tournaments; supporting a service organization for invalids; funding a boarding school for orphans; and co-sponsoring a youth initiative in computer training with NGO Counterpart International.

GOOD BENEFITS AND STABILITY IN THE WORKFORCE

14. (SBU) Having more than 100 employees, Kerimberdiyev indicated that AvtoTrans was the largest private employer in Turkmenistan. He attributed the company's success primarily to its general director, who had a strong technical education. According to Kerimberdiyev, the Soviet system

trained workers well and the general director is skilled at determining which workers to hire. He highlighted the continuity within the company's administrative staff. Among the 11 people working in administration, six have been employed since the company's start in 1993. The company also provides employee benefits such as subsidized lunches, selling merchandise to employees at cost and allowing employees to buy merchandise on credit. As a result, there is little turnover in the company's workforce.

NEVER TURN DOWN AN OFFICIAL REQUEST

15. (SBU) Kerimberdiyev also mentioned the company's good working relations with government officials. As an example, he pointed to Turkmenabat's recent decision to rent a large and well-located retail building to AvtoTrans because the city considers the company to be its preferred partner. He shared that the general director's policy has been never to refuse a request from government officials to do something -- receiving payment was not the first consideration. Kerimberdiyev averred that the success of this approach is shown by the fact the the company is thriving long after many of the officials in question are no longer around. He mentioned the role of the Government Statistics Bureau in setting prices for all goods that are sold. He pointed out that working with this bureau involved the company educating the bureau's staff about differences in costs and quality of goods that would justify the price that the company wants to charge. While he acknowledged that the Bureau's role could be cumbersome, he also thought it performed a useful service in preventing inflated prices.

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LACK OF FINANCING IS AN OBSTACLE TO GROWTH

16. (SBU) Competition from state-owned enterprises does not pose a challenge for AvtoTrans because, according to Kerimberdiyev, they do not offer the same services and products. The lack of credit, however, is a problem. Although the company has never borrowed money in the past, it would now like to find financing in order to construct a building, but cannot find a lender. He also said that the lack of financing to provide working capital is a problem. For example, the local government had ordered USD 50,000 in goods and services from the company in preparation for the upcoming People's Council meeting to be held in Turkmenabat. Even though AvtoTrans had to incur expenses up front, it ill take one year for the company to get paid, because payment can be approved only by the central government in Ashgabat.

17. (SBU) While small private businesses are growing in number, Kerimberdiyev did not see much threat of competition for AvtoTrans. Since most of AvtoTrans' business involves high technology equipment, a prospective competitor would need both significant capital to buy equipment and properly train specialists. He acknowledged that working primarily in Lebap Province was an advantage since the company had a near monopoly in the market. The company's activities in other provinces began when officials were transferred from Lebap and invited AvtoTrans to do business at their new location. Overall, the deputy director thought the provincial authorities in Lebap had taken many positive small steps during the past six months to support the private sector, but the lack of credit remained the key obstacle that he would like to see the Government address.

18. (SBU) COMMENT: A successful business model, accompanied by generous worker benefits and charitable contributions, make AvtoTrans a standout in Turkmenistan's private business sector, especially in Lebap Province. Indeed its location, beyond the range of vision of Ashgabat's functionaries, may have played a role in allowing the company to prosper without attracting unwanted attention. The deputy director suggested as much, saying the company has no plans to expand nationally, but intends to keep its focus on doing business

in Lebap. END COMMENT.
MILES